THE IMPACT OF INTRODUCING AUTOMATED TELLER MACHINES IN CASH TRANSACTIONS IN BANKS, A CASE OF STANBIC BANK APAC BRANCH –UGANDA

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CHAPTER ONE

INTRODUCTION

1.1. Background to the Study

The EACB (East African Currency Board) which was formed in 1919 was the first financial institution to control the financial sector in Uganda. Its members were Uganda, Kenya, Tanzania, Zanzibar, Ethiopia, Somalia and Eritrea. It was charged with all the responsibilities of the central bank like issue of currency, stability of exchange rate among others. It was no until after independence in 1962 that Bank of Uganda was formed in 1966 to take over the responsibility of the EACB.

The financial sector in Uganda includes institutions like commercial banks, credit institutions, insurance companies, development banks, building societies and the central bank. The first commercial bank begun operation in Uganda in 1923 as the national Bank of India (NBI). In 1957, the national Bank of India, combined with Grind lays bank limited to form National Grind lays Bank Limited (NGB). Government of Uganda (GOU) acquired 60% stake of NGB in 1971 before later reducing it to 49%. The Stanbic bank group through Stanbic Africa Holdings limited (SHAL) acquired the Grind lays Africa network in 1992 and in effect got 51% of NGB Uganda shares owed by Grind lays. In 1996 government of Uganda sold its 49% in Stanbic to SHAL.

Stanbic (with only two branches) later acquired 80% of Uganda Commercial bank (UCB) with 67 branches. In 2002 through share swap the GOU ended up with 10% of Stanbic after the acquisition/ in 2006 government and SHAL each sold 10% of their respective holding in Stanbic to the public.

The financial industry in Uganda is changing and so is banking. In the last 24 months alone we have seen a number of acquisitions and mergers in the banking industry. The period has seen the most extensive expansion in the past 20 years. In 2005 the total assets held by the banking industry in Uganda amounted to approximately USD 2 billion.

Stanbic bank is the biggest bank with a 26% market share followed by standard shattered bank with 18.6%

Stanbic bank is the largest bank in Uganda with the largest network of branches; its predominantly a retail bank had substantially high operating risk levels with significant fraud, levels absence of business continuity plans and very weak service platform internal inefficiencies with high levels of corruption. This implicated negatively on customer satisfaction.

However the bank has moved all its branches into one core banking system and net worked them, introduced Automated Teller Machines, renovated all the branches, retrained the staff and implemented a client centric focus to attract, retain and grow its customer base and re-build customer confidence in order to remain a leader in the market. Past research indicates that the success of any business depends on how customers perceive the product/service of the company, and therefore there is a very strong relationship between customer satisfaction and the level of sales. With the introduction of ATMS, the bank expects to serve its customers efficiently. Pertinent factors of customer satisfaction are quality of a product/service and time saved/taken to receive product or service.

1.2 Statement of the problem

The banking sector in Uganda has grown at a high rate that every corner of the country is dotted with a branch of a bank. Stanbic bank is one of the most networked banks with several automated teller machines all over the country. The main aim is to reach each and every customer at lowest level wherever he/she may be. The problem is that these Automated Teller Machines often break down thus rendering the service inefficient. In addition to that the Automated teller machines are a problem to many Ugandans who are illiterate. Sometimes the cards used to access the service get lost or stolen thus making them easy access to money frauding.

Considering the importance of customer satisfaction in a highly competitive service industry. This leaves one wondering whether the customer s are satisfied with the bank's service, the fact that there are other competitors within the same locality. Hence this provokes a thorough investigation to find out whether the Automated Teller Machine have an impact in the banking industry and how this has affected bank's level of service.

1.3 General Objective

To establish whether there is any effect in Stanbic bank services ever since the introduction of Automated Teller Machines in money transactions

1.4 Objectives of the Study

- To establish whether there is any effect in Stanbic bank services ever since the introduction of Automated Teller machines in money transactions
- To find out the Automated Teller Machines problems faced by Stanbic bank customers in Apac District

- To establish from the bank customers how best they would like to be served by the bank

1.5 Scope of the Study

The study will cover customer satisfaction and sale of services and products in Stanbic bank Apac district. A wide range of bank customers will be consulted to find out why they prefer automated teller machines than being served at the counter. Apac district is selected because of its convenience to the researcher and also being the main bank in Apac

1.6 Significance of the Study

- *The study will bring out responses from the branch's customers* on how they rate the bank's Automated Teller Machine services. This will help on how improve services to customers

- The study will establish whether there is a relationship automated teller machine users and volume of sales of Stanbic bank products and services to customers satisfaction

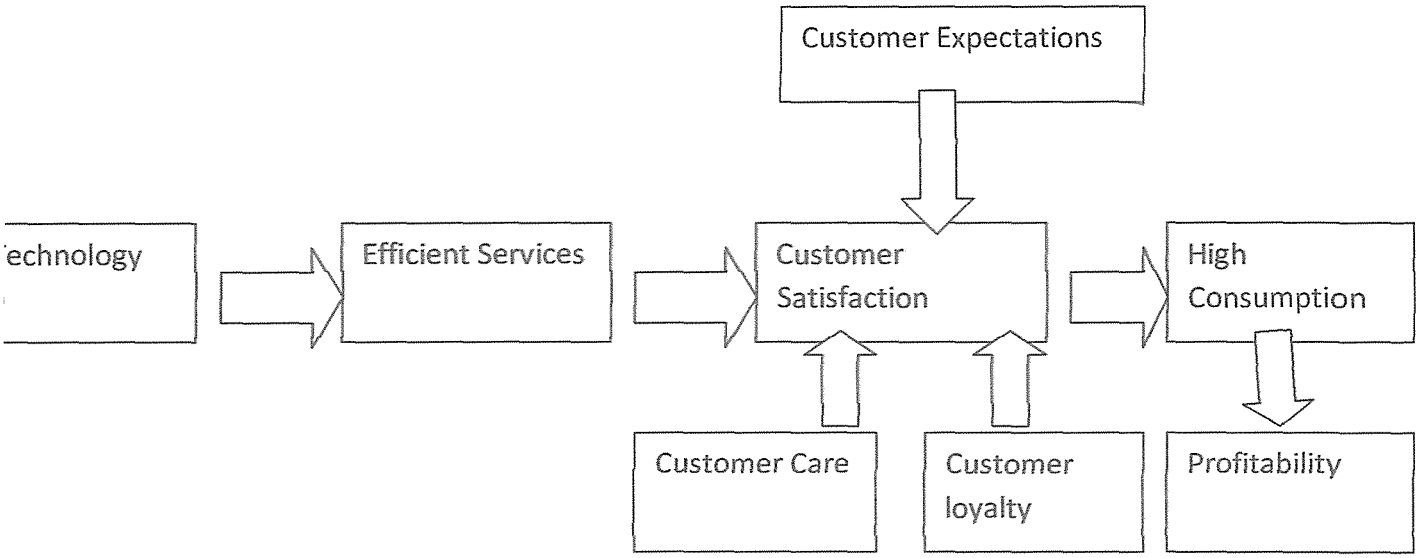
- Information obtained will also provide researcher with knowledge and understanding of the importance of ATMS and how they affect business performance in Stanbic bank

1.7 Research Questions

The study will use the following research questions for guidance during the study.

1. Is there any effect in Stanbic bank services ever the introduction of Automated Teller machines in money transactions?
2. Are there any problems automated Teller Machine customers face in Stanbic bank in Apac District?
3. Are there any better ways bank customers would like to be served by the bank?

1.6 Conceptual Frame Work



1.7 Problems of the Study

The researcher anticipated the following problems during the course of the study

- *Reluctance of selected people to provide required information to the researcher*
- Lack of enough resources to carry out a comprehensive study within the required time

CHAPTER TWO

LITERATURE REVIEW

2.1 Definitions of Terms

According to www.Wikipedje.com Radhakrishna (2002) ATMs refers to Automated Teller Machines. These are machines that are perceived patches or exceed expectations the buyer is satisfied and delighted. According to the international standards organization quality is "the total characteristics of an entity that bear on its ability to satisfy and stated and implied needs. The Uganda bureau of standards defines it as the collective effect of service performance, which determines the degree of satisfaction of a user of the service.

Relationship between service provision and customer satisfaction

Mitchell and Pand (1995), indicate that a typical business hears only 4% of its dissatisfied customers, thereat customers and a tremendous gain to those that do. The authors also reveal that 3% move sway 5% for competitive reasons 14% are dissatisfied with the product, 68% quit because of attitude of indifference towards the customer by the owners, managers or some employee. A typical dissatisfied customer will tell eight to ten people about his problem with the product.

A plausible connection between customer satisfaction and returns on sales is stressed by Hedge and Park (1995), point out that advance in technology modifies business and having low service quality average only 1% return on sales and lose market share at the rate 2% per year. Business with big service quality 12% return on sales gain market share at a rate of 6% per year and charge significantly higher prices. Traceable in this citation is that customer satisfaction is the basis of company's survival in the market and the cheapest compared to chasing new customers basing on the fact that a dissatisfied customer will always go with a pool of other customers. This implies that the introduction of the Automated Teller Machines to serve the customers has to be efficiently employed because failure may lead to customer dissatisfaction.

Hatton (2000) suggests a more analytical approach that the new balance in the market is unlikely to last long. Automatic vending has been utilized for long but it has its own negative implications. These machines do frustrate customers especially when they break down abruptly. External environment changes that can not be controlled by managers, restlessly increasing supply, for example technological advances, political changes which open up new markets to competitors supply across the mature industries of the world have continued to expand until market has become a buyers market.

In a buyer's market if supply exceeds demand some products will fail to find buyers. Therefore in balance of power, the manager has to rediscover and reorganize that satisfying customer's

needs is critical to the organization's success if a business is to improve its sales and maintain a standard level of royal customers.

Hatton (1198) points out that asking the customer before committing resources to production raise a customer confidence and will stick to the company's products, because the customer will be buying what he exactly asked for. The author called it "oriented operation". Customer views are actively sought and the organization uses its expertise and skill to find profitable ways of satisfying those needs. The company must see its role as serving thee customer once customers have choice. The provider must pay attention to their needs priorities and preferences if the company is to gain customer satisfaction and maintain a steady growth in sales, the marketing philosophy preaches mutually beneficial exchange, the needs of both provider and user being satisfied.

Freeman (1997) argues that the importance of customer satisfaction in face to face service or through machines affects the business in general. Companies that succeeded in increasing their sales using customer automated machines are on increase world over.

While they are many strong competitors in the bank market, Stanbic sales jumped 31% in just few months. By carefully screening the market, coming up with frequent innovations and style changes. Many customers in all Stanbic branches prefer utilizing Automated Teller Machines since they believe they can have access to their money any time they need it. This has led to more money transactions especially at the end of the month when salaries are paid.

2.2 problems faced customers.

Berns (1996) found out that the primary reason consumers select a financial industry is convenience. It takes time to satisfy and nurture the customer, and therefore he must be kept at all costs. He suggests that to create a customer service personality financial institutions must commit its self to asking customers to define their expectation. Then the bank will strive to exceed them and measure the level of customer satisfaction. The states of satisfaction depends on a number of psychological and physical variables, which conelate with satisfaction behaviors such as return and recommended rate. The level of satisfaction can also depend on other options the customer may have and other products against which the customer can compare the organization's products, claims Cornell (1995).

Chunawall & Sethiaa (1997) argues that advertising has become very expensive, time consuming and as a marketing activity firms have a great stake in their success and even their survival depend on it. Its only trough customer satisfaction that a company will be able to increase its sales, retain and grow its customer base while spending less. Technological advances have made banking very competitive in such a way that companies have to keep themselves a breast with advanced technology.

Brodeur (1998) provides the basis for measurement of customer satisfaction with a service by using the gap between customer's expectation of performance and their perceived experience of performance. Automated services are a bit difficult to control as the customers come with their own expectations and service providers are miles away.

2.3 The measures

Chunawall and Sethia (1999) cite seven types of appeals that are broadly classified as rational, emotional and moral, that will yield customer satisfaction and improve a company's sales and *eventually profitability. High quality of the product fulfils the customer's perceived quality* that will give automatic satisfaction to the consumer.

Low price coupled with high technology will give make customers to buy low product because they believe that it will show performance similar to or slightly inferior to that of a nationally reputed brand at a higher price. Whether this sis true or not a person as along as he believes this to be true thinks his reason will be accepted as good and he will be exhibiting a rational motive. If the price of a product equals to the perceived performance of the product satisfaction is achieved. Ease of use: Any product that a customer will find easy to use or to excess he/she will gain satisfaction

Armstrong and Kotler (1998), suggest that companies do the best job of taking care of its customers, set customer service standards and often make seemingly outstanding efforts to achieve them. The authors stress the importance of integrating the company's policies, technologies, actions, attitudes and the over all company culture towards the satisfaction of a customer, and there is no way such companies will lose customers or face declining sales in the face of new competitors. Technologies have been used by companies of recent as competitive toll in the market to eliminate those can not cope with advances in technology.

"Successful firms know that the technology can improve the quality of a shopping experience", says Evans and Bernman (2002) according to them there are eleven representative factors that affect customer satisfaction and pill over to organizational sales and profitability. In addition to advanced technology many companies ensure: Helpful employee, being friendly, Courteous employee, Billing clarity and Good value

Evans and Bermnan (2002), add that companies with satisfied customers have good opportunity to convert them into loyal customers who purchase from those firms over an extended period. They emphasize that its 3-5-10 times cheaper to retain an existing customer than to acquire a new one. Customer retention rates are the critical elements in lifetime values analysis a preferred tool for avoiding shortsighted decisions.

According to Thompson (2002), "it's a well know fact that no business can exist without customers however much a company may have the best technology in the region. It is

very important to work closely with customers to make sure that the service/product you create for them is as close to their requirements as you can. Thomson gives seven tips that will make a customer/client feel valued, wanted and loved.

- Encourage face-to-face dealings. This is the most daunting and downright scary part of interacting with customers. It is important to meet your customers face to face at least once or even twice during the course of the business.
- Respond to promptly and keep your clients informed. Its well know how annoying to wait for a response to an email or a phone call. It might not be practical to deal with all customers' queries within the space of a few hours, at least call them about it as soon as possible.
- Be friendly and approachable. Thompson indicates that you can actually hear a smile through the phone. It is very important to be friendly, courteous and to make your clients feel like you are there to help them out. There will be times when you improve on billing systems, provide quick service, competitive pricing and service quality. If one is to use technology then the following are key in service industry.
- Have clearly – defined customer service, competitive pricing and service policy is going to save the business a lot of time and effort in a long run. If a customer has a problem what should they do? If that first option doesn't work then what next.
- Attention to details (also known a the little niceties). Even if it's a small as sending a happy holidays email to all your customers its something it shows that you care, shows that there are real people on other end of that screen. Or telephone and most important make a customer feel welcomed, wanted and valued.
- Anticipate your client's needs and help them out. Knowing what your customers needs is a supreme aspect in business and yield satisfaction for the customer.
- Honour your promises. Its possible this is the most important aspect of the business. Clients don't want to be disappointed. Some thing may not be done or might miss a deadline though no fault of your own. For any inconsistence a quick apology and assurance are a necessity.

www.stanbic.co.ug (2005) Stanbic Bank unveils Internet Banking which is expected to reduce queues in the banking halls," We believe Internet banking will also help in decongesting our banking halls as many of our customers will transact business from comfort of their homes and offices," says Philip Odera the managing director. This is a double edge strategy by the bank to also increase on customer satisfaction.

Work done by Brodeur (1998) defines ten quality values which influence satisfaction behavior and know as ten domains of satisfaction they include, quality, value, timeliness, efficiency, ease of access, environment, inter-departmental team work, front line service behavior, commitment to customer and innovation. These factors are emphasized for continuous improvement and organizational change measurement and are emphasized for continuous improvement and organizational change measurement

and are most often utilized to develop the architecture for customer satisfaction measurement as an integrated model to improve sales and profitability in business.

Service quality drives customer satisfaction that leads to customer retention and high sales leading to profits. This framework was use successfully to improve organizational objectives at Sears Roebuck. Reichheld (2000) concluded that customer satisfaction is *essential to a sale which in turn creates customer loyalty.*

Sewell and Brown (2002) proposed that like Ten Commandments in the bible for every Christian, business must adopt the following. Ten Commandments if they are to succeed in growing their sales year in year out.

- Ask the customers what they want and give it to them. A customer will tell you what, how , to provide a good service. Ask them politely and don't force them to answer.
- If a customer asks the answer is always yes. Never engage in an argument with a customer.
- There's no such thing as after hours, customer service is a 2 hour deal.
- Always under promise and over deliver to the customer.
- Systems, not smiles-doing a good job has two parts. Doing the right, and in time, and having a plan in place to deal with things when they go wrong.
- Fire your inspectors makes people sloppy. I you know some one is checking your work you might not check it your self. This means that the quality of work automatically will decline; hence affecting customer satisfaction and sales will decline this in turn leads to other economic conditions that negatively affect the company.
- Fire your customer relations department too. Every body should be a customer service representative; in fact that's how the customer sees himself as the judge because he is able to determine all his needs. People who deal with customers must have the authority to solve customer problems.
- DO it right the first time. There is nothing more important to the customer than keeping the services promised. Customer expectations of the service provider are loud and clear. Customers want firms to do what they say they are going to do.
- Good enough never is; set high goals and keep raising them once they are achieved. If you don't somebody will blow right by you while you are failing yourself.
- Picking a profitable plan. Fighting out the basis of your customers buying decision whatever strategy you select make sure it's profitable.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter will represent research design, the study population, sampling techniques, sample size, data collection instruments, procedure of data collection and data analysis.

3.2 Research Designs

This study will follow a descriptive research design. Both qualitative and quantitative methods will be used. A survey type of research will be carried out and to a certain extent observation. The researcher intends to use structured questionnaires for staff in the banks and members of the public who are Stanbic Bank Customers. Secondary data will also be used in regard to customer statistics and the sales trend in the bank.

3.3 Area of the study

The area of concentration is Stanbic Bank Apac which is situated in Apac district. The study will be carried out in the city centre due to limited time.

3.4 Population of study

The population of the study will include the customers who transact business with Stanbic bank Jinja branch and the staff of the bank. This will include at least 100 members of the public and 10 bank staff.

3.5 Sample size

The study will be based on the simple random sampling technique. All respondents will have the same chances of being included in the research. A sample size of 12 respondents of which 100 will be members of the public and 10 members of staff of the bank will be interviewed about the topic of study.

3.6 Research Instruments

Structured questionnaires. *These will be distributed to the members of the* public who are customers of the bank.

Interview guides. This will be used by the research to obtain information from respondents who will not be comfortable or without time to fill questionnaires and to staff of the bank.

Secondary data. Secondary data will also be sued to obtain information about customer numbers and sales levels of the bank,, as regards to different products in relation to time.

Observation. To a certain extent observation will also be used to obtain information that may not easily be revealed by members of the public or staff of the bank.

3.7 Data Analysis

Data from the questionnaires will be categorized using tables, analyzed using percentages, graphs and pie charts using micro soft excel spreadsheets. Quantitative data will be directly explained in the body of the research. The above date analysis methods have been preferred because of their easy to understand and interpret.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND INTERPRETATION

4.0 Introductions

In this chapter the researcher presents an analysis of the findings about the topic of study, which is customer satisfaction and Sale of Stanbic Bank services and products. Data has been presented using graphs, pie charts, tables and analyzed using percentages.

4.0.1 Stanbic bank Services and Products

The study first looked at the services and products of Stanbic bank as revealed by the respondents in the bank as presented in the table below;

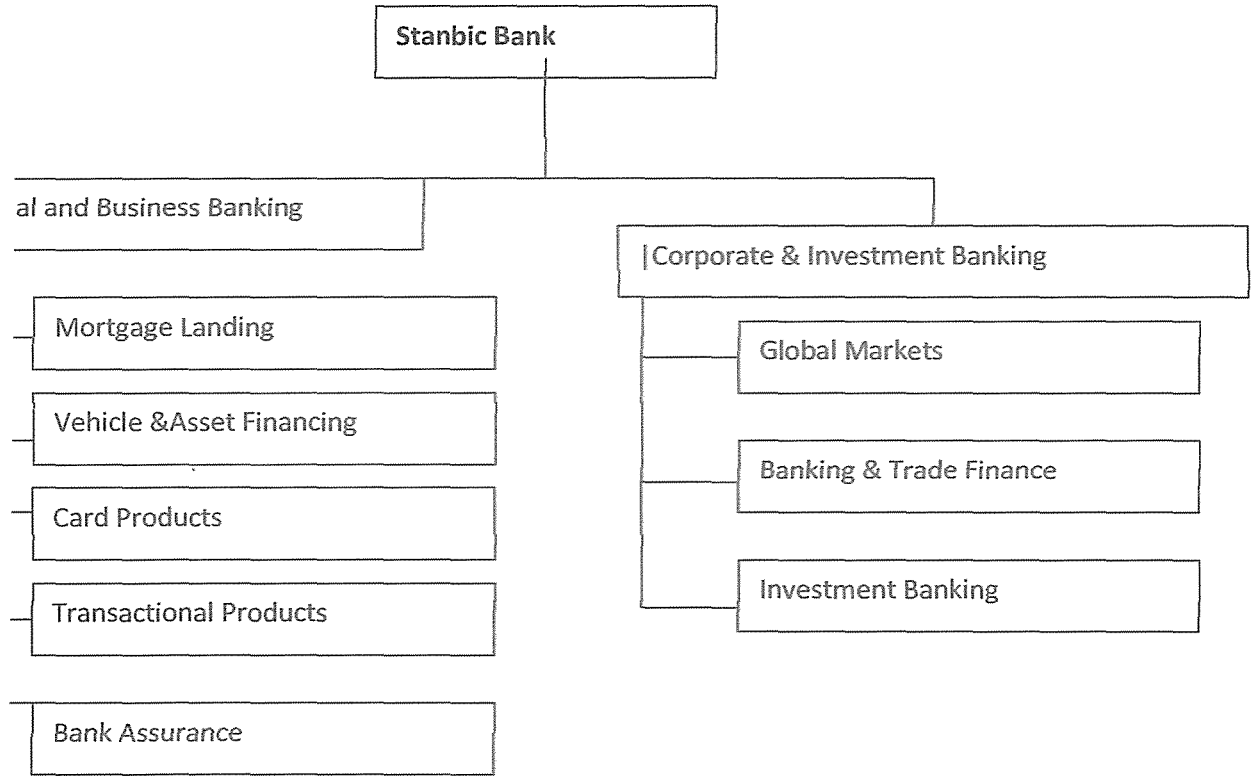


Figure1. Services and products of Stanbic Bank

Investigations revealed that the bank deals in the following products and services.

Personal and Business Banking Products and Services

Personal and business banking products and services provides banking and other financial services to personal customers and small and medium enterprises. PBB (Personal & business banking) comprise of;

- *Mortgage lending which provides residential accommodation loans to personal* customers.
- Vehicle and asset finance, undertakes the provision of vehicle finance to personal customers and the provision of vehicle and equipment financing to business.
- Transactional product ,which includes products associated with various points of contact channels with clients such as ATMs and branches, including deposit taking activities, electronic banking and cheques accounts and
- *Banc assurance, which provides long-term insurance products to customers,* mainly through third parties, and financial planning services.

Corporate & Investment Banking.

CIB (Corporate & Investment Banking) provides commercial and investment banking services to multinationals regional corporate and larger local corporate in additional to international development organizations, multilateral agencies, and the public sector. It includes the following.

- Global markets which includes foreign exchange, fixed income, derivatives, equities and commodities trading businesses, securitization, debt origination and money market funding units.
- Banking and trade finance, which includes the corporate lending and transactional banking businesses, trade finance business and property related lending and
- Investment banking, which includes project, project finance structured lending as well as advisory and other services provided to corporate clients whishing to raise financing on debt capital.

4.1 Relationship between Customer Satisfaction and Sale of Services and Products of Stanbic Bank Apac.

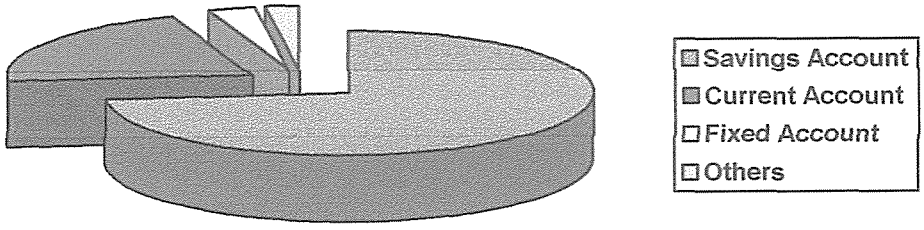
Out of sample of 110 respondents 75% are holders of savings accounts 20°k are holders of current accounts mainly business people, 2% have fixed accounts 3% are institutions that have special accounts. As explained in table two and figure two;

Table 1 Showing the Holders of different Bank Accounts in Stanbic Bank Apac Branch

Savings Account	75%
Current Account	20%
Fixed Account	3%
Others	2%
Total	**100%**

Source: Field.

Figure 2 Showing the Holders of Different Bank Accounts in Stanbic Bank Apac Branch



4.1.1 Why Customers Prefer Stanbic Bank

In a sample of 110 respondents, 55% revealed that they choose Stanbic bank because of its well spread branch net work all over the country. 3% of the were for the security of their deposits following the closure the closure of some private owned commercial bank i.e. green land bank, cooperative bank. While l0% were former customers of Uganda commercial bank and they saw no reason to change when Stanbic acquired UCB.

20 % believe that Stanbic bank's chargers are much lower compared to other commercial banks as evidenced in table three.

Comparison of Savings Accounts and Current Accounts for Selected Banks.

Table 2:

Banks	Savings Accounts/Minimum Balance	Current Accounts/Minimum Balance
Stanbic Bank	15,000	50,000
Crane Bank	25,000	100,000
Standard Chartered Bank	75,000	150,000
Orient Bank	25,000	100,000
Bank of Africa	20,000	50,000

Source: Field

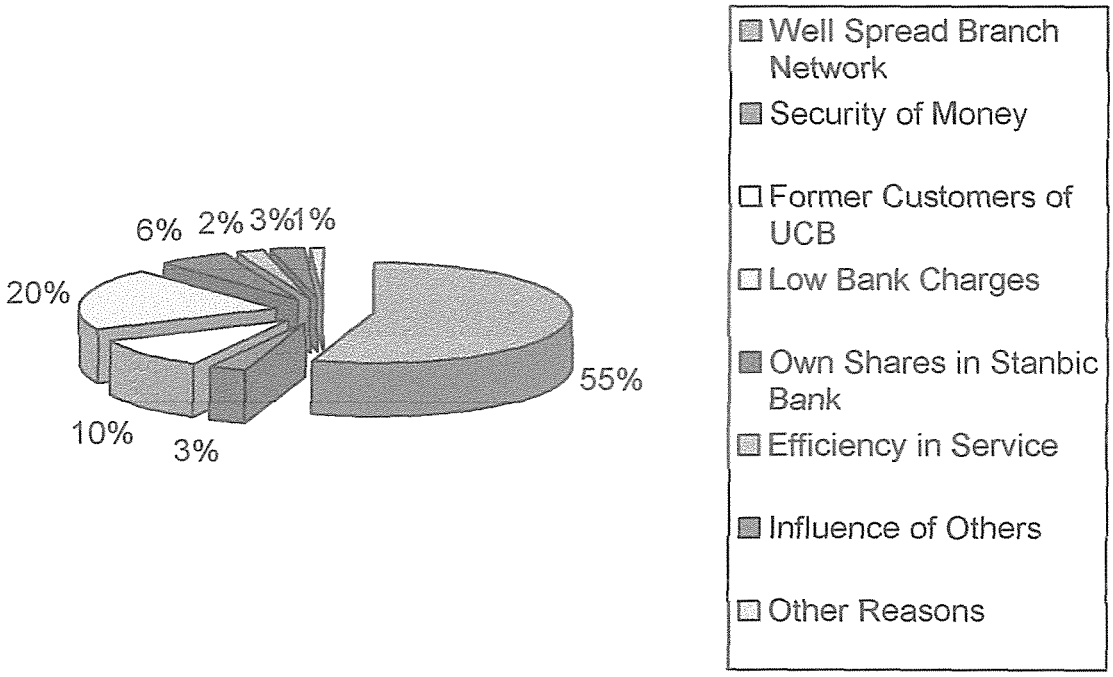
6% of respondents said that they Stanbic because they own shares in it 3% of respondents believe it's the people.2% of the respondents con efficient, with committed and honest who have banked with the bank for are there because of influence from the bank because of other reasons impressive while others had no

Table 3 Shows the Reasons in Percentage as Advanced by the Respondents for Choosing Stanbic Bank

Reason	Percentage
Well Spread Branch Network	55%
Security of Money	3%
Former Customers of UCB	10%
Low Bank Charges	20%
Own Shares in Stanbic Bank	6%
Efficiency in Service	2%
Influence of Others	3%
Other Reasons	1%
Totals	**100%**

Source: Field

Figure 3 Shows the Reasons in Percentage as Advanced by the Respondents for Choosing Stanbic Bank

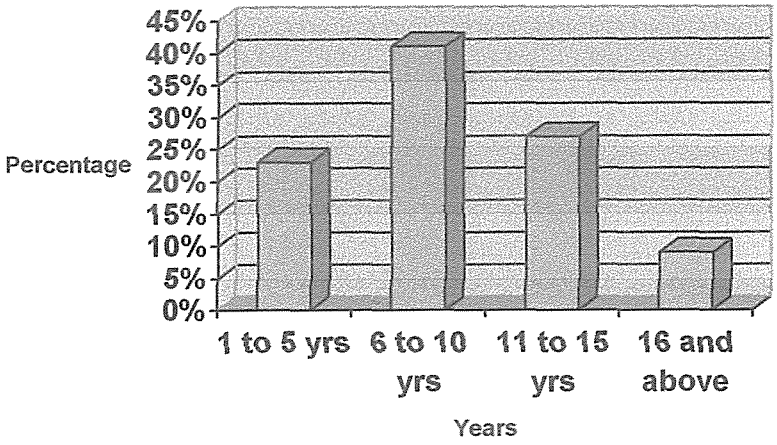


The study has revealed that Stanbic bank has got an outstanding customer royalty and retention strategy basing on the figures got from the respondents. 23% of the respondents have been customers of Stanbic bank for 1 to 5yrs,41% have been with the bank for 5 to l0yrs those for 11 to 15yrs were 27% and 9% have been with the bank for l5yrs and above as represented by the table below. This is also a major aspect in customer service that greatly affects service and product sales volume

Table 4 showing Year the Respondents have been with Stanbic Bank.

Years with Stanbic Bank	Percentage
1 to 5 years	23%
6 to 10 years	41%
11 to 15 years	27%
16 and above	9%
Totals	**100%**

Figure 4 Showing Year the Respondents have been with Stanbic Bank.



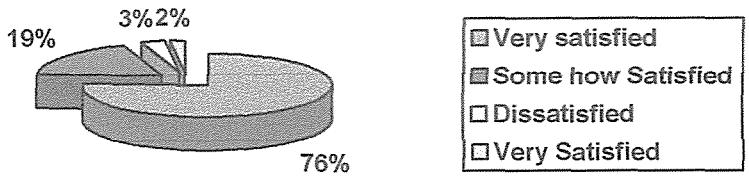
4.1.3 Overall Satisfaction

Out of a sample of 110 respondents 76% of respondents revealed that they are very satisfied with the bank's service and products, due to the bank's country branch net work While as l9% of customers revealed that they are some how satisfied save for the time spent in the queue and frustrations by the machines when they are out of service
3% were dissatisfied, due to long queues in the bank, faulty machines, and their ATM cards being captured any time.
2% of the respondents said they are very dissatisfied due to the time wasted in the queues unfriendly staff, and that at times the bank may take wrong to respond to the customer's problem/ complaints.

Table 5 Showing the Opinion of Stanbic Bank Customers over Satisfaction

Reason for the Opinion	Percentage	Opinion
Country network, friendly staff, efficient service	Very Satisfied	76%
Long queues, congestion in banking halls, faulty ATM's	Some how satisfied	19%
Faulty machines, captured cards, unfriendly staff, long queues	Dissatisfied	3%
Unfriendly staff, faulty machines, captured cards, long queues, bank takes long to respond to complaints	Very satisfied	2%

Figure 5 Showing the Opinion of Stanbic Bank Customers over Satisfaction



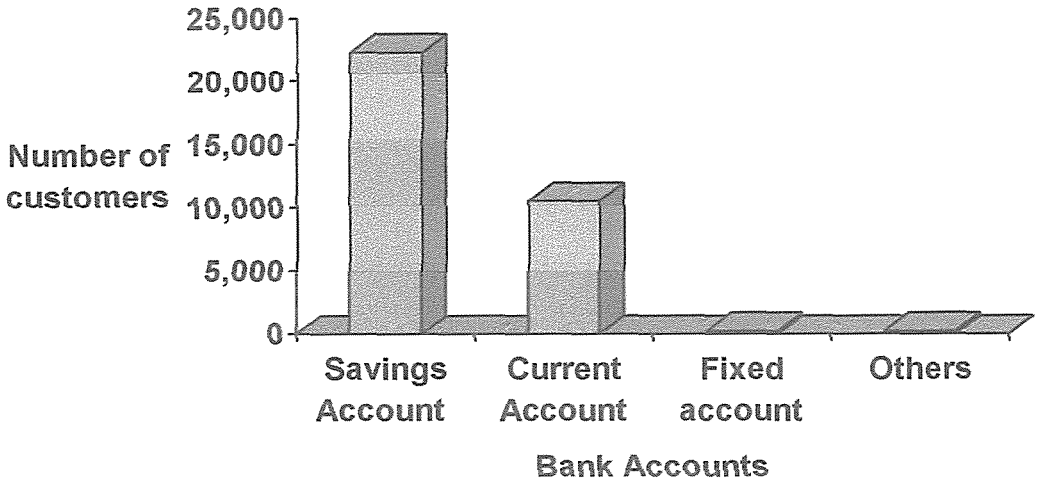
Further investigations from the bank revealed that the bank handles between 500 to 600 customers on a daily basis who transact business in different products and services; however, the personal and business banking takes the lead with at least 95% and 5% *corporate and investment.*

Respondents in the bank also revealed that Stanbic Bank Apac Branch receives an average of 10 to 20 new customers who come to open up accounts. With more than 90% savings account and the rest share 10%.

Table 6 Showing the Number of customer accounts in Stanbic Bank Apac as of July 2008.

Nature of account	**Number of customers**
Savings account	22,351
Current account	10,000
Fixed account	235
Others	236
Totals	**33,352**

Figure 6 Showing number of customers' Bank Accounts in Stanbic Bank Apac as of July 2008



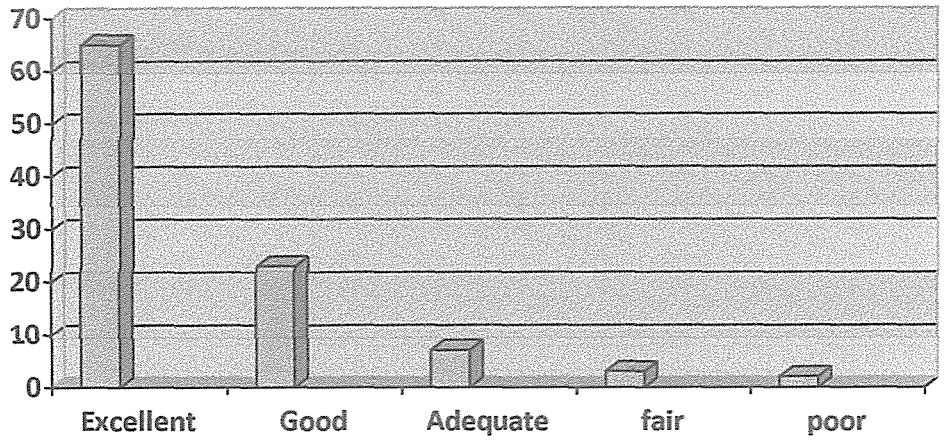
4.1.4 Bank Facilities

63% of the respondents do believe that the bank's facilities are excellent and they are totally satisfied, 25% said that the bank facilities are good, while 7% consider the bank's facilities adequate, 3% of the respondents revealed that the bank's facilities are fair and 2% consider them poor, as represented by the table and figure below.

Table 7 Showing the rating of Stanbic facilitates by the respondents

Ratings	percentage
Excellent	65%
Good	23%
Adequate	7%
Fair	3%
Poor	2%

Figure 7 showing the rating of Stanbic facilities by the respondents

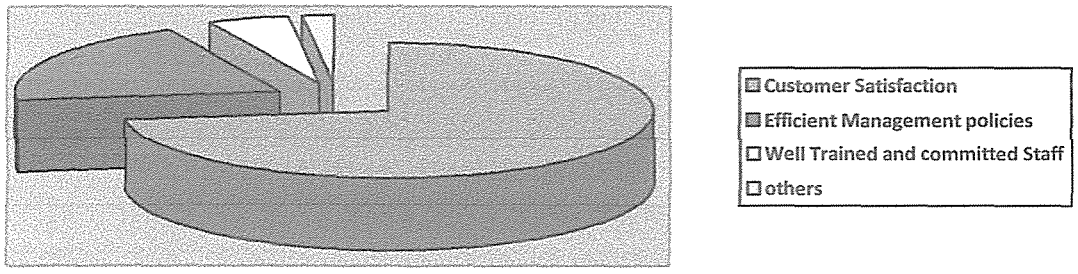


Further investigations in the bank revealed that 73% of all respondents strongly believe that customer satisfaction has contributed to its greater sales, 20% attribute it to efficient management policies, while as 5% believe that well trained and committed staff has contributed a lot and 2% believe that it's a Combination of other factors.

Table 8 showing factors affecting sales and profitability.

Factors Affecting sales and profitability.	%age
Customer satisfaction	73%
Efficient management policies	20%
Well trained and committed staff	5%
Others.	2%

Figure 8 showing factors affecting sales and profitability

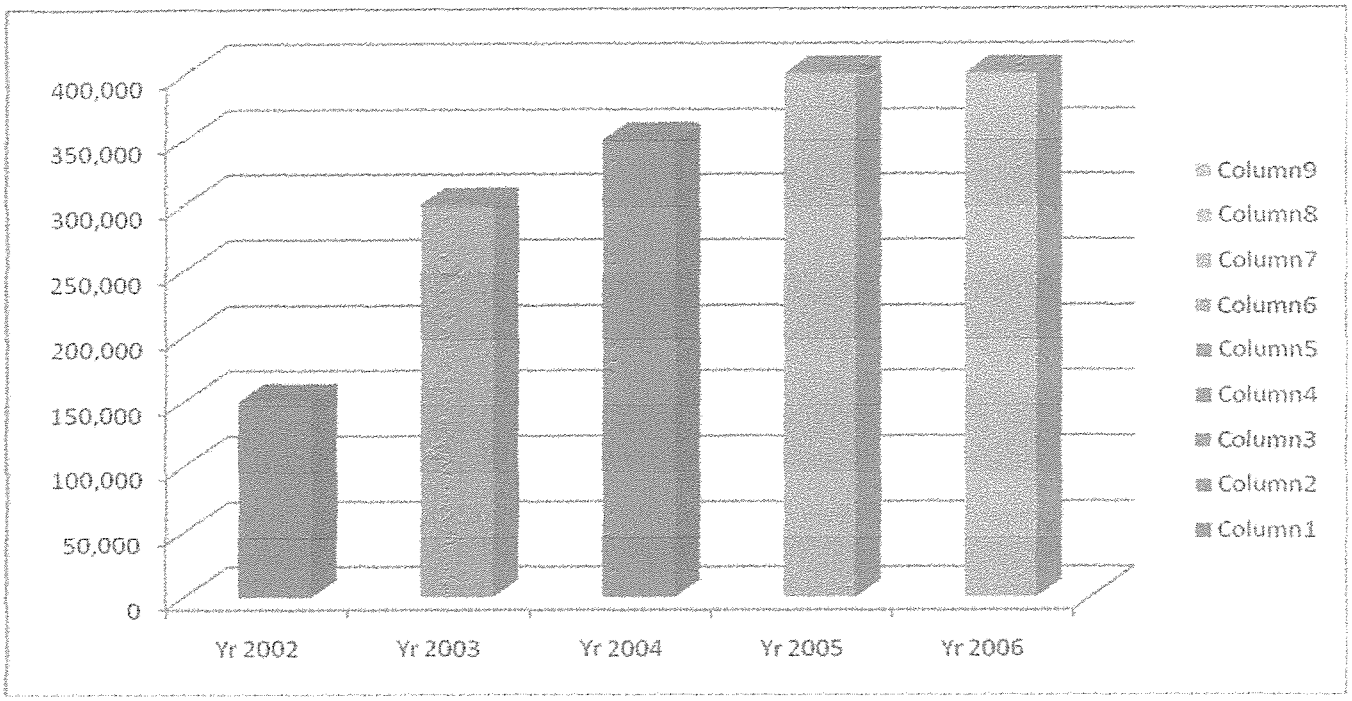


The contribution of customer satisfaction can also be evidenced by the general performance of Stanbic as whole in terms income obtained from sale of services and products for a range of years as shown in the table below.

Table 9 showing income from sale of stanbic bank services and products for the period 2002 – 2006

Years	**2002**	**2003**	**2004**	**2005**	**2006**
	UShs millions	UShs millions	UShs millions	UShs millions	UShs millions
Net interest income	43,899	77,244	82,256	85,841	89,592
Net interest fee and commission income	66,597	102,715	122,978	131,197	141,566
Other incomes	71,323	107,130	134,446	140,036	149,924
TOTALS	**181,819**	**287,089**	**339,680**	**357,074**	**381,082**

Figure 9 showing income from sale of stanbic bank services and products for the period 2002 – 2006



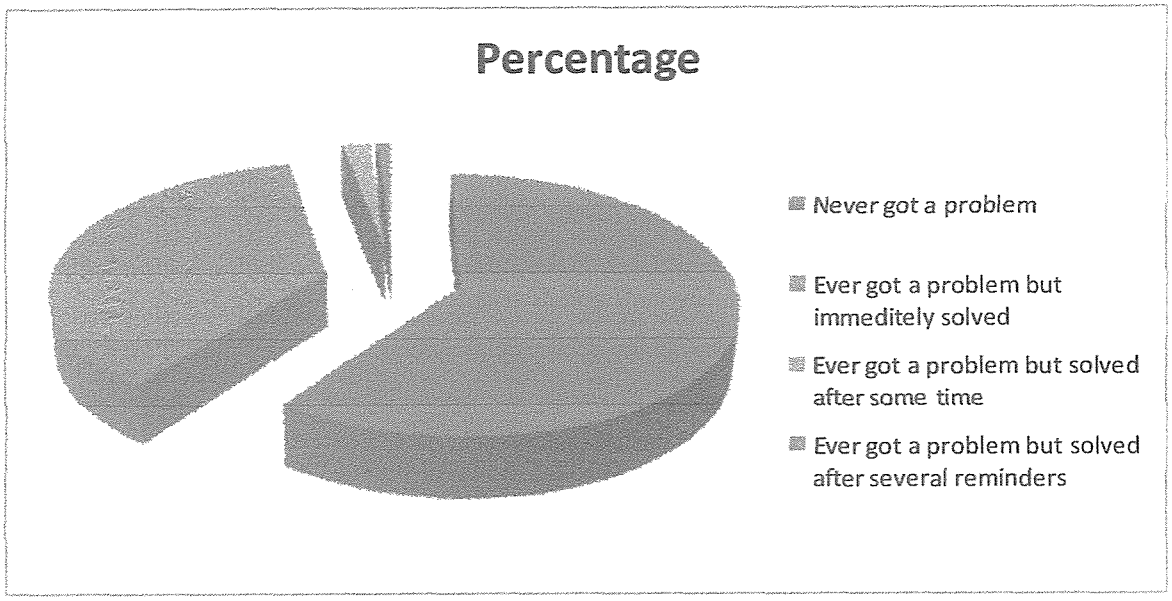
4.2 Problems faced by Stanbic Bank Apac Customers

In a sample of 110 respondents 60% revealed that they have never got a single problem with the bank, and are satisfied with the bank's service, 37% of respondents have ever got a solved problem with the bank however the problem was immediately solved. While as 2% revealed that they have ever got a some how satisfied. 1% is unsatisfied because their problems were solved after several reminders.

Table 10 showing opinion of respondents on problem solving

Experience	Percentage	Opinion
Never got a problem	Very satisfied	60%
Ever got a problem but immediately solved	Satisfied	37%
Ever got a problem but solved after some time	Some how satisfied	2%
Ever got a problem but solved after several reminders	Dissatisfied	1%

Figure 10 showing opinion of respondents on problem solving



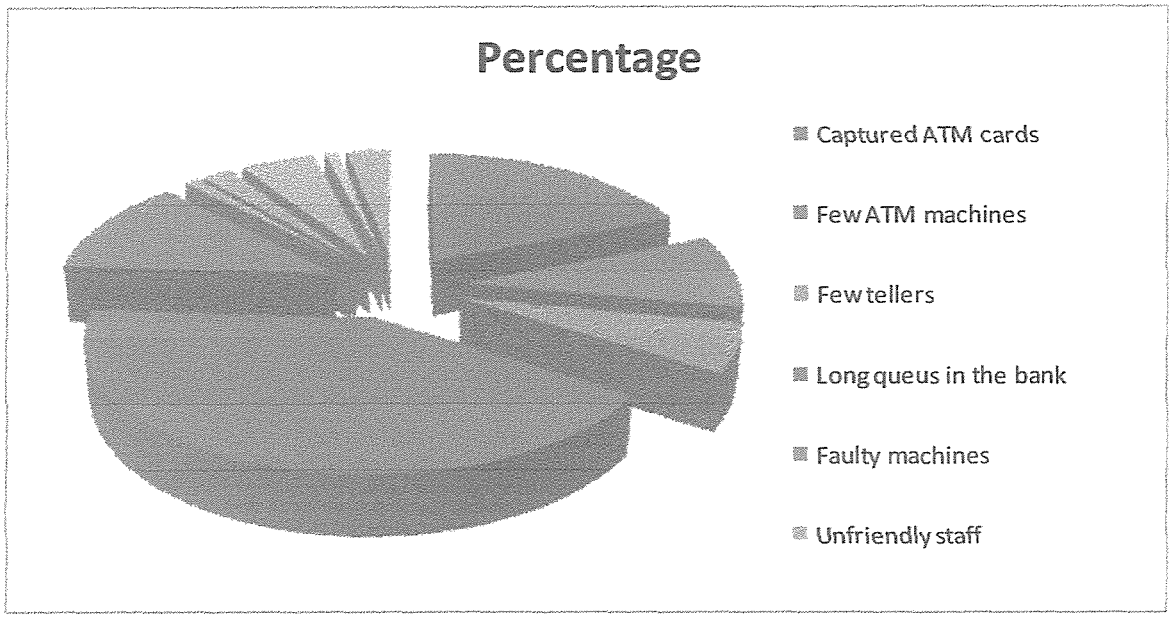
4.2.1 Nature of problems faced by customers

19% of the respondents raised a problem of their cards being captured by the ATM at a time when they badly need money, 9% said that automated teller machines are still few compared to the big number of customers in stanbic bank, 42% revealed that there are few tellers in the banker, the problem of faulty machines had 12% respondents, 1% complained of un friendly staff, difficulty of getting LC letters and referees who are customers of the bank before opening accountants had 2% of some time to attend to their complaints, very rigid complaining. While 3% of the respondents didn't have any problem with the bank's services and products.

Table 11 showing problems faced by Stanbic bank customers

Problem	Percentage
Captured ATM cards	19%
Few ATM machines	9%
Few Tellers	6%
Long queues in the bank	42%
Faulty machines	12%
Unfriendly staff	1%
Difficulty in getting LC letters and referees	2%
Rigid requirements to acquire loans	5%
Late response to customer complaints	1%
Neutral/No problem	3%

Figure 11 showing problems faced by Stanbic bank customers



4.3 Mitigation measures to the problems

Its well known that when a business does what the customers ask for or fulfils the customer's conceived standards such a business will not only satisfy its customers but will be in position to grow, retain, build a pool of loyal customers.

Investigations from senior management in the bank revealed the following mitigation measures to the problems of the customers.

This year the bank has launched internet banking for those customers who can access internet to transact with the bank i.e. pay bills, make transfers in the comfort of their offices so as to reduce on congestion in the bank.

The bank has improved the efficiency of the automated machines, so that they do not unnecessarily capture customer cards.

There is also a policy of constant training of staff in customer care even on how to handle difficult customers.

Leaflets have been provided in the bank to educate customers how to use the keep their ATM cards so as to reduce on unnecessary capture of cards.

That management is in the process of securing and installing another ATM at the branch to reduce on the queues and for customers to get a quicker service.

Management has also put in place suggestion boxes and comment books and customers are encouraged to feel free to complain to the bank and management makes an effort to rectify the problem.

To improve and promote relationship between the bank and its customers there's direct access between to the manager's office without passing thorough any body.

Further investigation from the bank revealed that they have adopted a policy of flexibility so that they are able to solve each and every customer problem arising.

There is emphasis put on first come first serve, and special tellers are put in place to handle special cases.

The bank has also made an effort to increase on the number of tellers during the critical times of paying school fees, and at the end of month when civil servants are getting their salaries.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the whole research report from chapter one to chapter four, basing on the objectives of the study. Conclusions and recommendations have been drawn out of the findings of the topic under study which is customer satisfaction and sale of Stanbic bank services and products.

5.1 Summary

In chapter one the report looked at the brief background of the banking/financial sector in Uganda and Stanbic bank in general. Looking at the whole banking sector in Uganda shows that banking is one of the fastest growing and most competitive sectors in Uganda today. The chronology of Stanbic bank indicated that the present day Stanbic passed through a number of mergers and taker over before it became to be know as Stanbic Bank Uganda Limited. The problem of the study was to establish why Stanbic bank has continued to dominate the banking industry in Uganda and to what extent has *customer satisfaction affected its service and product sales. Our area of study was* Stanbic Bank Jinja branch.

Chapter two looked at the related literature to the topic of study. The literature has been drawn from different writers and authors as they discussed and analysed the importance of customer satisfaction to customer retention, loyalty, and how it affects the general performance of the company in terms of sales of the company's products or services. This chapter discussed a number of ideas that can help/or can be adopted by companies who wish to increase their sales level and profitability through emphasizing customer satisfaction.

Chapter three contains a description of the research design, indicating the tools of data collection were a combination of open and closed ended questionnaires were employed to obtain sample of 110 respondents out of a population of one 1.020 respondents was selected using random sampling. Data has been presented using tables and analyzed using percentages.

Chapter four is the gist of the matter, all the findings have been presented and analyzed in this chapter among the findings include; customer satisfaction has played an important role as far as the performance of stanbic bank is concerned as can be *revealed by the upward trends of net interest income for the period 2002 – 2006.*

The research has also shown that there's a direct relationship between volume of sales and customer satisfaction since customers who are not satisfied by the company for a better alternative. The study also revealed that stanbic has got a more competitive advantage over other banks since it has over 60 branches spread over the country hence its able to satisfy its customers through out the country. Its also indicated that the savings account holders dominate the day to day business of the bank. Over all satisfaction seems to be high in the bank basing on the findings.

Finally the study made investigations about the problems of Jinja customers among others include, unfriendly staff, long queues in the bank, faulty machines, few ATM compared to the number of customers, etc also included in the study are the mitigation measures to the problems of customers.

Chapter five contains a summary of the whole research from chapter one up to chapter five. Also contained in this chapter are the conclusions drawn from the study and the recommendation of the researcher to the management of the stanbic bank and areas of further research.

5.2 Conclusions

The conclusions of the study have been drawn basing on the general objetive in the research. The research established there is a direct relationship between customer satisfactionand the volume of sale of stanbic bank services and products, due to the fact that when customers are not satisfied with the services or products they will not continue buying the produt. The satisfaction of customers in stanbic bank is still very high and this explains why the volume of sales and profitability has continued to raise consecutively as evidence in table and figure. Much as a big percentae of stanbic bank customers are satisfied with the level of service and products, other factors like the take over of Uganda Commercial Bank which already had well established branches in the country has greatly helped stanbic to continue dominating the banking industry in Uganda.

The research has also found out that among other problems faced by customers of stanbic the major one is that of long queues in the bank and at the ATMs. The other problems of the bank are within the reah of the bank and can be over come for the bank to realise full potential in customer satisfaction. This study has also indicated that a big percentage of bank customers are not fully aware of all the bank products and services, and this to a certain extent do impact on the volume of sales.

Finally on a positive note about the mitigation the measures, the bank authorities have put programs like internet banking, direct access to the manager to every body, constant training of staff, and increasing on the number of tellers to deal with the problem of congestion during periods of school fees. This if properly done will alleviate many of the problems raised by the customers.

5.3 Recommendations

- The bank should endeavor to educate its customers on all the bank's services and products, so that customers can obtain full potential of the bank services. This will help the bank to increase on its sales at the same time retaining its customers.

- The bank should make an effort to explain to its customers and apologise whenever there is a delay in the delivery of the service, especially where customers spend a long time in the queue, or frustration by a faulty automated teller machines.

- Management of Stanbic should place another machine at the branch since the one in place is always overwhelmed by the big numbers of customers especially at the end of the month when civil servants obtain salaries.

- A solution must be sought during periods when students and parents are paying school fees. During this period the bank becomes very congested and the bank space actually becomes very small. This inconveniences other customers transact with the bank normally.

- Authorities should increase on the number of tellers in the bank for faster service so that customers don't spend a lot of time in the queues. This will also help in reducing congestion in the banking hall.

- There should be a drive to educate customers on how to use ATM card, proper handling of these cards, this will minimize on the chances of the machines to get captured and end up being frustrated.

- The bank should encourage its customers to always bring out their complaints and ideas on how they actually want to be handled and served. This will help the bank authorities to devise means of handling different categories of customers and be able to satisfy them basing on what they want.
- Constant survey by the bank on customer satisfaction and how they rate the bank's service, customer care, and its products in relation to the services of other players in the market of banking.

- The management of the bank should also introduce mobile banking, to reach people in the villagers, and mobile telephone banking, for people to use their phones for balance equerries, statements to reduce on congestion in the banking halls.

5.4 Area of further Research

Further research should be done in the area of how financial institutions in Uganda can build royalty among its customers the fat that the industry has become very competitive as new Commercial Banks, enter the Ugandan market, and those that had concentrated in Kampala since their inception have started to spread their branches country wide. Therefore it will be cheaper to retain an existing customer than to chase a new one.

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APPENDIX 1

QUESTIONNAIRE ON CUSTOMER SATISFACTION IN STANBIC BANK

JINJA BRANCH

The purpose of this questionnaire is to carry out research on customer satisfaction of Stanbic Bank Jinja branch, and the answers given are solely for academic purpose. You are requested to answer the questions and the opinion expressed on questions will be treated with utmost confidentiality.

1. Do you have an account with Stanbic bank?

   YES NO

2. If NO do you have any other business you do with Stanbic Bank?

3. What type of bank account do you have with Stanbic Bank Account?

   Savings Account

   Current Account

   Fixed Account

   Others (Specify)

   .....

4. Why did you choose to bank with Stanbic Bank?

   .....

5. For how long have you been banking with Stanbic?

   1 to 5 years

   6 to 10 years

   11 to 15 years

   15 and above

6. Are Stanbic Bank facilities adequate for your banking requirements?

   Excellent

   Good

   Just adequate

   Fair – needs improvement

Poor

7. Have you ever got any problem with Stanbic?

YES NO

8. If YES please specify the nature of problems you faced with Stanbic bank.

.....

9. Which specific department does the problem relate to?

Customer service

Operations

Foreign service

Credit department

Others (specify)

10. Was the problem resolved?

Yes – immediately

Yes – but took some time

Yes but after several reminders

Was never resolved

11. Please suggest how Stanbic can further improve its customer service

.....

.....

12. Overall, how satisfied are you with the customer service experience.

Very satisfied

Somehow satisfied

Neutral

Somehow dissatisfied

Very dissatisfied

INTERVIEW GUIDE FOR THE BANK STAFF

The purpose of this questionnaire is to carry out research on customer satisfaction of Stanbic Bank Jinja Branch, and the answers given are solely for academic purpose. You are requested to answer the questions and the opinion expressed on questions will be treated with utmost confidentiality.

1. What are the major services and products offered by Stanbic?

   .....

2. How many customers do you handle on a daily basis?

   .....

3. Which products are most desired by customers?

   .....

4. How many people come to open new accounts on a daily basis?

   .....

5. Why do you think people choose to bank with Stanbic bank?

   .....

6. How would you rate Stanbic Bank Services to those of other banks?

   .....

7. Would you say that your customers are satisfied with the level of service?

   .....

8. What ways/methods do you use to ensure that your customers are satisfied?

   .....

9. How has customer satisfaction affected your performance in terms of sales of services and products?

   .....

10. What problems do you face with your customers and how do you solve them?

    .....

11. To what extent has customer satisfaction impacted on Stanbic Bank's level of sales of services and products?

APPENDIX II

TIME FRAME

ACTIVITY	DURATION
Proposal Writing	2 months
Data Collection	3 weeks
Data Editing and Coding	1 week
Data Analysis and Presentation	2 weeks
Final Research Writing	1 week
Total Time Period	**3 Months 3 Weeks**